

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 12/29/2016

GAIN Report Number: BR16019

Brazil

Retail Foods

2016

Approved By:

Chanda Berk,
Agricultural Consul

Prepared By:

Fabiana Fonseca,
Marketing Specialist

Report Highlights:

In 2015, food retail sales amounted to R\$315.8 billion (US\$94.5 billion), 5.35 percent of Brazil's GDP of R\$ 5.9 trillion (US\$ 1.8 trillion). Although trade was one of the sectors vigorously hit by the recession, food retailers were less affected and seem to be recovering faster than other segments of the economy. Despite the challenging scenario, expectations for the Brazilian economy seem to be improving and the food retail sector is already projecting growth for the upcoming year.

Post:

Sao Paulo ATO

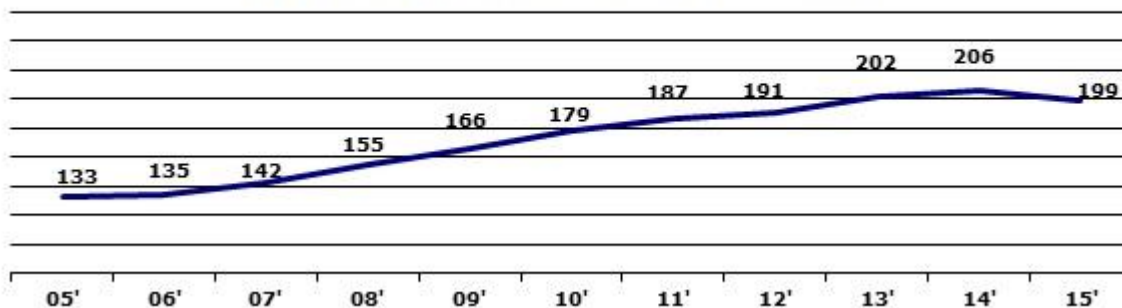
SECTION I. Market Summary

For the retail sector, it seems the worst has passed. The recession is gradually easing and growth is being reported, although at modest levels. Since June 2016, the retail index became stable and sales turned positive when compared to the previous year. According to the Brazilian Supermarket Association (ABRAS), business confidence is increasing, and approximately 80 percent of retailers forecast supermarket gross sales to expand until the end of 2016. However, the economic forecast for the end of the year suggests Brazil will remain in recession, as analysts expect GDP to shrink by 3.2 percent in 2016. Overall government finance still is a concern, while high inflation, tight credit, and lower job availability weigh on consumer demand. President Dilma Rousseff's impeachment tamed political disruption, and the current government under President Temer brought political stability to the country. In the short term, Brazil's government will focus on policy reforms, control of government debt, and bringing inflation down to a credible target.

Despite the challenging scenario, expectations for the Brazilian economy seem to be improving. Thus far, food retailers have been less affected than other segments of the economy. The crisis led consumers to eat more at home, which helped sustain retail sales. In addition, many consumers had to adapt purchases to the economic scenario, which pushed the food industry to redesign packages and the growth of "cash & carry" store formats. In general, cash & carry stores offer prices that are about 15 percent lower than other retailers. According to Nielsen, between January and September 2016, 400,000 Brazilians migrated from supermarkets to hypermarkets and 1 million migrated from hypermarkets to cash & carry formats.

In 2015, the latest full year data available, supermarket sales amounted to R\$315.8 billion (US\$94.5 billion), or 5.35 percent of Brazil's GDP of R\$ 5.9 trillion (US\$ 1.8 trillion). Despite nominal growth of 7.1 percent, this year was the first in a 13-year series where the ABRAS retail index presented a retraction. With double digit inflation of 10.67 percent, supermarket sales figures shrank by 3.25 percent in real terms, demonstrating that employment and income still have a direct correlation with supermarket sales.

RETAIL SALES INDEX
(Deflated by IGP-DI index, 1990=100)



Source: Brazilian Supermarket Association (ABRAS)

Other indicators, however, showed positive numbers, demonstrating retail stability:

- the number of employees increased from 1,836,789 to 1,847,557 (up 0.6 percent);
- sales floors expanded from 21 million square meters to 21.6 million square meters (up 1.5

- percent);
- the number of check-outs increased from 212,964 to 215,580 (up 1.2 percent),
- the number of stores increased from 83,581 to 84,547 (up 1.1 percent).

The majority of stores in Brazil – 55 percent – are very small businesses. By ABRAS’s definition, a supermarket is a store with two or more check-outs. This segment captures 45 percent of the total number of stores, approximately 38,000 stores. In 2015, supermarkets represented 92.9 percent of overall food retail sales. The top 500 companies hold 7,638 stores and represented 81 percent of total supermarket sales. The number of stores within the 500 group rose by 7.7 percent compared to 2014. In 2015, the 500 group also employed 34 percent of the retail industry in general and created even more jobs, with the number of employees increasing 6.5 percent compared to 2014. The productivity level for this group also grew in 2015:

- sales by store rose by 2.1 percent (R\$33.6 million);
- sales by check-out went up by 7.1 percent (R\$3.3 million);
- sales by employee increased by 3.2 percent (R\$357,700);
- sales by square meter went up by 4.8 percent (R\$27,139/per year).

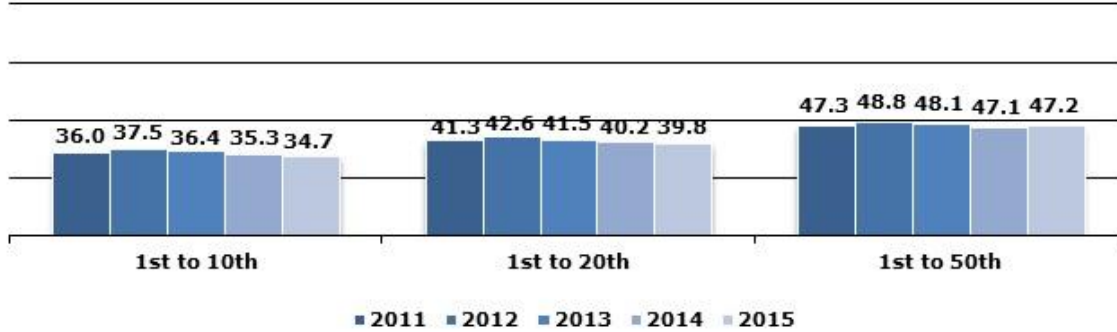
RETAIL INDUSTRY SNAPSHOT

	Gross Sales (R\$ Billion)	# Stores	# Check-outs	Square Meters (Millions)	# Employees
Retail Industry	315.8	84,547	215,580	21.6	1,847,557
Supermarket Segment	293.3	38,317	168,906	16.1	1,625,155
Top 500 Supermarkets	256.8	7,638	78,022	9.4	683,672

Source: Brazilian Supermarket Association (ABRAS)

The Brazilian retail sector is considered fragmented. Brazil is a country of continental size and regionalism is strongly delineated. In 2015, the top 10 retail companies (including cash & carry revenues) accounted for 34.7 percent of total industry sales, while the top 20 and top 50 represented 39.8 percent and 47.2 percent, respectively. These figures were quite steady compared to the previous year. The three largest retailers, Companhia Brasileira de Distribuição (Grupo Pão de Açúcar), Carrefour and WalMart, are the companies with widest geographic coverage. All three are headquartered in Sao Paulo and their strong presence in the state of Sao Paulo leads to a much higher concentration of stores within the state. In 2015 while Pao de Acucar and Carrefour registered sales increase, WalMart concluded the year with a slightly negative result. Among the group of top 10 retailers, only WalMart and Cencosud experienced sales deceleration. WalMart has recently gone through internal changes and closed 59 stores in 2015, while Cencosud, according to analysts, must still adapt its business model to the Brazilian market. Because of cultural differences, regional retail companies are important players and present stiff competition to larger retailers with countrywide distribution. In most cases they represent a significant barrier to the power of top retailers.

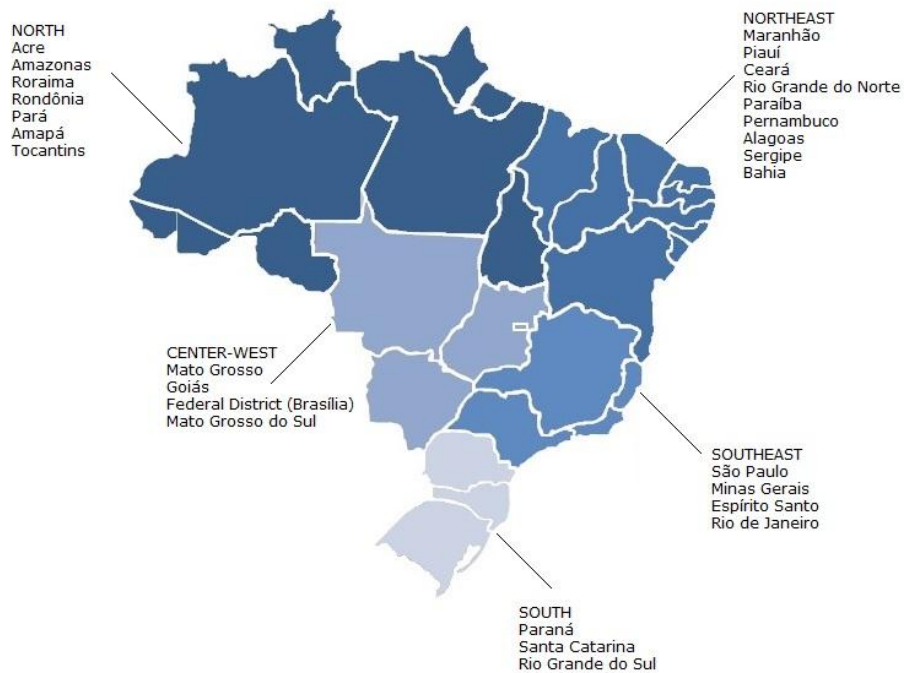
**RETAIL CONCENTRATION IN BRAZIL
(%)**



Source: Brazilian Supermarket Association (ABRAS)

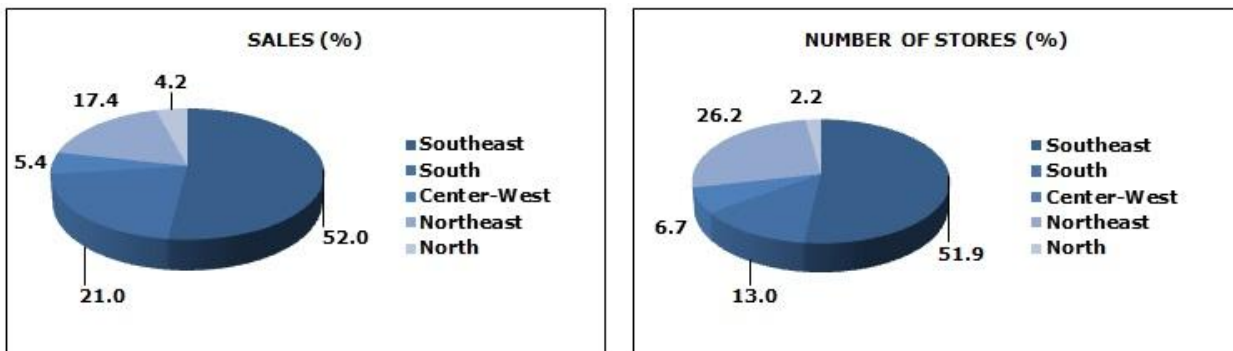
Brazil is comprised of five regions: Southeast, South, North, Northeast and Center-West, which subdivide the 26 states and the Federal District. The Southeast region is the wealthiest region of Brazil and concentrates around 58 percent of the country's GDP. It also maintains the top position in terms of supermarket sales. In 2015 the region represented 52 percent of retail revenues, R\$135.3 billion, and the same percentage in the total number of stores, 4,332. Compared to the previous year, the Southeast region gained 2.8 percent in value terms and 4.6 percent in number of stores.

BRAZIL BY REGIONS



In terms of sales volume, the four other regions presented steady results, while the number of stores decreased slightly. In 2015, the South region took second place in the ranking, with total revenues of R\$ 54.6 billion, which represented 21 percent of retail sales. The Northeast region ranked third, generating sales of R\$45.3 billion, or 17.4 percent of market share, while the Center-West and the North regions remained at the lower end. The Center-West gathered 5.4 percent of market share, and R\$13.9 billion on sales, while the North gathered 4.2 percent of market share and R\$10.8 billion on sales.

BRAZILIAN RETAIL BY REGION (2015)

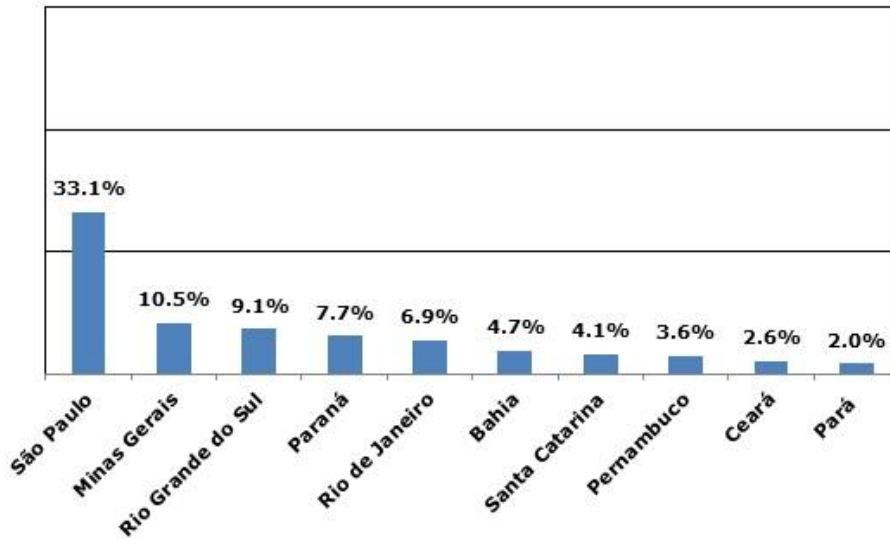


Source: Brazilian Supermarket Association (ABRAS)

Analyzing the Brazilian states separately, in terms of retail sales, São Paulo has the leading

position. The state represents 33 percent of overall sales, which is three times the sales of the second state on the rank, Minas Gerais, with 10.5 percent of market share. Rio Grande do Sul, a Southern state, falls third with a market share of 9.1 percent. Together these three states represented more than 50 percent of the retail market in 2015. The next seven states in the rank are: Paraná, Rio de Janeiro, Bahia, Santa Catarina, Pernambuco, Ceará and Pará. On the list of top 10 states four regions are represented, highlighting the importance of regional retailers.

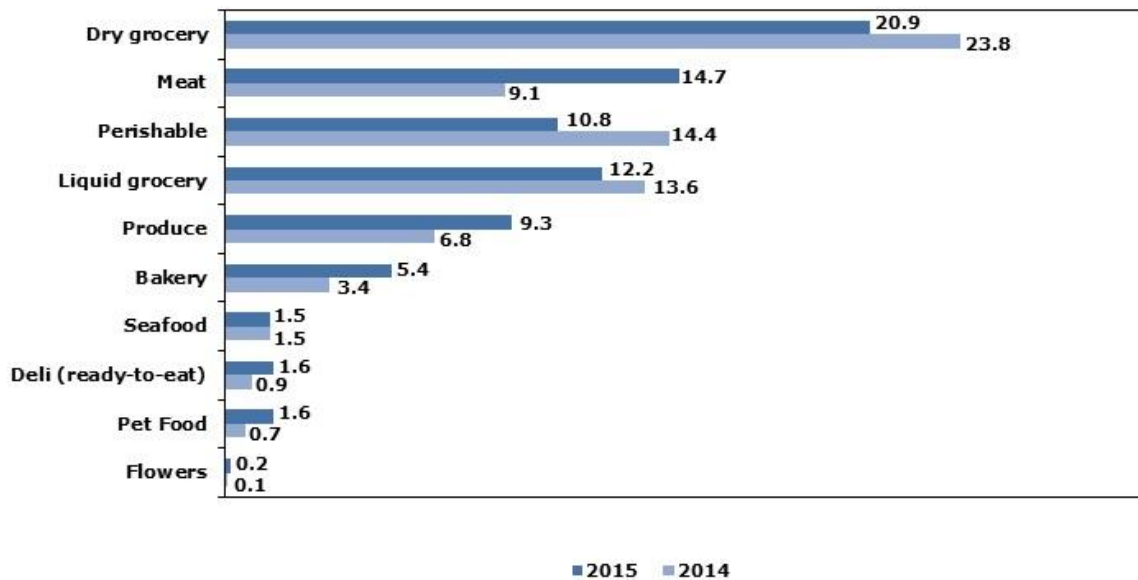
RETAIL SALES BY STATE (2015)



Source: Brazilian Supermarket Association (ABRAS)

ABRAS also reports on the performance of the various departments within supermarkets. The departments related to agricultural goods are divided into the following: dry grocery, meat, perishable, liquid grocery, produce, bakery, seafood and deli (ready-to-eat), pet food, and flowers. In 2015, agricultural goods accounted for 78.2 percent of total sales, compared to 74.3 percent in the previous year. As per individual performance, category growth was mainly related to prices. Sales of meat and meat products represented 14.7 percent of supermarket sales. Although the category increased its participation by 5.6 percentage points, analysts state the growth was mainly driven by price increases. The dollar appreciation led meat companies to focus more on foreign markets, which decreased product availability and consequently raised prices at the domestic market. The produce, bakery, ready-to-eat, pet food and flower departments also registered growth. The market share of the produce department gained 2.5 percentage points, also a result of price increases. At the Sao Paulo wholesale market, CEAGESP, prices of fruits and vegetables in 2015 were 14.31 percent more expensive compared to 2014 and above the official inflation rate of 10.67 percent. As imported fruits represent around 20 percent of total produce sales, dollar fluctuations change the market dynamic, shifting supply to other countries and restricting imports, both of which have an impact on retail prices. The bakery, deli, pet, and flower departments all gained some market share, although very little. The grocery department, both dried and liquid, and perishables lost market share. These departments gather items of basic needs and are more price-elastic to lower income households.

SHARE OF FOOD & BEVERAGE CATEGORIES AT RETAIL (%)



Source: Brazilian Supermarket Association (ABRAS)

Brazilian consumers are definitely rearranging their food basket. Higher prices, lower incomes, and economic uncertainties are the major drivers shifting demand from premium brands to more affordable products. The offer of imported items has been also affected. According to ATO Sao Paulo contacts, within the imported products category, retailers are maintaining well-known brands but redesigning the mix of imported products, opting for less expensive products in most cases. Sales promotion, through price discounts or bonus packs, became important tools to push sales in 2015. The trend will continue through 2016. In order to maintain a reasonable offer of foreign goods at stores, supermarkets are renegotiating prices and terms of payment with their suppliers. International suppliers, with a long presence in Brazil, have shared the burden with local companies, with both ends operating with lower margins. Despite the lack of consistent data on sales of imported products, ATO estimates that the share of imported items varies from 2 percent in large supermarkets to 25-30 percent at specialty stores.

The supermarket sector continues to be an important distribution channel in Brazil and producers who wish to access the market through this channel should be aware of major challenges and advantages:

ADVANTAGES	CHALLENGES
Retailers offer foreign goods to differentiate themselves from competitors, develop new niche markets and gain high-end consumers' attention.	Imported products fall in the luxury goods category. Consumers easily associate Europe with sophistication and tradition, which gives some advantage to European companies.
Price is not always the determinant purchasing criteria for high-end consumers.	High-end consumers are more demanding regarding other aspects of products such as innovation, packaging, status, new trends, etc. Millennials demand a wider variety of products as they are much more inclined to test new products.
Brazilian importers are frequently searching for new-to-market products as they must update their portfolio	Importers tend to buy small quantities to test the market. U.S. companies are usually not willing to sell small quantities.

from time to time in order to compete.	
The U.S. food industry is able to respond to consumers' demand promptly, regardless of the segment of products.	Consumers perceive U.S. food products to be overly processed and relatively unhealthy.
U.S. exporters are inclined to work with high volumes and different partners.	Retailers and distributors are conservative and start with smaller orders. Exclusive contracts are part of the deal for most of Brazilian companies.

SECTION II. Road Map for Market Entry




I. Entry Strategy

When approaching the Brazilian market, exporters should be aware that most imported foods and beverages are not priced competitively compared to locally produced products. The Brazilian food industry is well developed and major multinational companies have a consolidated presence in the market, making the sector highly competitive. A common mistake U.S. companies make is assuming that products that fit well in other Latin American countries will fit well in the Brazil market. In general terms, a product imported from the United States or Europe reaches 3-5 times the FOB price at retail. U.S. exporters should bear in mind that when an imported product reaches supermarket shelves it will fit in the premium price category. For this reason, premium attributes must be recognized by consumers. An imported product is generally considered a luxury item and must indulge the consumer or feature a well-known brand recognized by consumers.

U.S. food and beverages directly compete with European products. This is mainly due to entry costs, the local tariff system, and the exchange rate itself. Products imported from Mercosul members (Argentina, Paraguay, Uruguay and Venezuela) enjoy duty-free status and Chilean products face a reduced duty rate. U.S. and European products are generally positioned within the premium price category. As a result, U.S. exporters must evaluate the extent to which their products can compete and maintain attractiveness vis-à-vis European competition. Because approximately 80 percent of food and beverage distribution takes place through retail stores, developing a relationship with retailers will be more likely to guarantee visibility and country-wide coverage. The commercial power of the retail industry vis-à-vis food suppliers has steadily increased over the past years. Retailers are well aware of their importance in the food distribution system and their advantageous position in comparison with suppliers. They exert considerable purchasing power as they reach the overwhelming majority of Brazilian households.

In Brazil the oversight of imported food and beverage products is primarily done by two government bodies: the Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA) and the Ministry of Health (MS), through the National Agency of Sanitary Surveillance (ANVISA). Prior shipping to Brazil, exporters and importers should work together to make sure the foreign product complies with local regulations.

Prices Examples for Imported Products at Retail Level – The Coca-cola Scale

Product	Price	Equivalent to
	R\$ 15.70 (US\$4.63)	
	R\$39.90 (US\$11.77)	
	R\$114.00 (US\$33.63)	
	R\$17.98 (US\$5.30)	
	R\$18.97 (US\$5.60)	

Note: Prices refer to Nov/2016, (US\$1=R\$3.39)

Foreign products may be imported directly from the processor or distributor or purchased locally from an importer. When importing, Brazilian companies are considered conservative. It is generally preferable to import a wide variety in small quantities. This aversion to risk becomes even more apparent during challenging economic scenarios, such as the current time. Driven by consumer demand, retailers have to offer an extensive range of imported products, otherwise they may compromise competitiveness.

Contact the ATO!

U.S. exporters should always consider the local U.S. Agricultural Trade Office (ATO) as an initial source of information and market guidance. The ATO maintains direct contact with the major players in order to facilitate market entry and is also able to provide assistance on Brazilian legislation and standards for imported goods. U.S. companies can test market through ATO marketing activities and also profit from its market intelligence. Another way to test market is

through the various activities developed by Strategic Trade Regional Groups (SRTGs) and Trade Associations. The ATO also recommends U.S. exporters develop direct dialogue with potential buyers as they are best equipped to discuss key topics such as product feasibility, market size, prices, distribution, and marketing tools.

II. Market Structure

In 2015, ABRAS surveyed retailers to set a profile of Brazilian stores. The stores were divided into five categories: convenience, limited assortment, supermarkets, hypermarket, and wholesale clubs. According to the study, the most common format was the supermarket, which presented the following characteristics: average size of one thousand square meters and average assortment of 10,000 items. The convenience format was listed second. On average, the size of this type of store reached 84 square meters, with an assortment of 417 items. Hypermarkets are third most common, with 4.9 thousand square meters being the average size, and offering 19,447 items. Wholesale and clubs were listed fourth, with 8,395 items and an average store dimension of 3,311 square meters. Limited assortment stores are the least frequent format in Brazil, with an average area of 463 square meters and 3,748 items.

STORES BY FORMAT

	AVERAGE SALES AREA (m ²)	AVERAGE # of CHECK-OUTS	AVERAGE # of ITEMS
Convenience	84	1	417
Limited Assortment	463	3	3,748
Supermarket	1,092	9	10,096
Hypermarkets	4,901	12	19,447
Wholesale Clubs	3,311	10	8,395

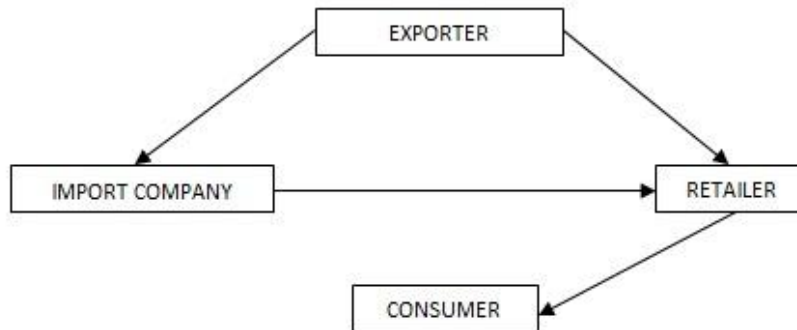
Source: Brazilian Supermarket Association (ABRAS)

Economic ups and downs have directed consumers to explore different store formats over the years. Large retail companies have typically shown more willingness to diversify store formats and also to incorporate new types of business into their stores such as pharmacies and gas stations.

In 2015, “cash & carry stores” or “Atacarejo,” as they are known in Brazil (a combination of the Portuguese word “atacado” for retail and “varejo” for wholesale), proved to be the most successful food retail format. Revenues rose by 12 percent through the opening of 49 new units, according to Nielsen. Price appears to be the central factor for consumer purchase decisions, and within the group of 8,000 households Nielsen monitors each year, the penetration of the cash & carry format rose from 35.5 percent in 2014 to 40.9 percent in 2015 (from January to September). In 2016, the percentage of families purchasing goods at cash& carry stores is estimated to increase to more than 46 percent. From January to September 2016, 400 million Brazilians migrated from supermarkets to hypermarkets and 1 million consumers migrated from hypermarkets to cash & carry.

Within the various retail formats, imports of foods, beverages, ingredients or consumer-ready products may occur directly or indirectly. As previously mentioned, volume is the determining factor. If the volume to be imported does make sense to the Brazilian retailer, he will prefer to purchase imported items locally from importers/distributors. While avoiding the middleman is the optimal situation, this only happens if retailers are able to be cost effective. Often, U.S. exporters are cautious to do business with a single supermarket chain, believing that they will have better access to consumers through multiple different retail outlets. However, this often results in fewer U.S. products on store shelves overall, as some retailers have significant market penetration at the national or regional level.

MARKET STRUCTURE FOR IMPORTED PRODUCTS



Retail business models have also changed due to technology innovation and changes in consumer behavior. According to the Brazilian Institute of Geography and Statistics (IBGE), the number of individuals using the internet surpassed 50 percent of the population. Convenience and price seem to be determining factors for Brazilian consumers when choosing to purchase products online. In 2015, ABRAS reported that among food retailers that have e-commerce, online shopping reached 5 percent of total revenues. While the increase of e-commerce within the food retail business is not expected to expand as rapidly as in other sectors, there is no question that the channel will maintain an upward trend. ATO contacts report that e-commerce is not yet attractive to retailers and there is a general view that it is more important to keep the customer physically at the store to build loyalty and maximize impulse sales. Lack of logistics and cold chain management are two other challenges for e-commerce to really develop in the market.

III. Company Profiles

There are no Brazilian companies at the top of the domestic retail industry. The four largest companies are French, American and Chilean origin. In 2015, Grupo Pao de Acucar maintained leadership, with total sales of R\$76.9 billion (approximately US\$23 billion), an increase of 6.4 percent compared to the previous year. Carrefour ranked second, with gross sales of R\$42.7 (approximately US\$12.8 billion), expanding 12.6 percent over the previous year. WalMart, ranked third, generated R\$ 29.3 billion (approximately US\$ 8.8 billion), a decrease of 1.1 percent compared to 2014. Following the three leaders, Cencosud sales reached R\$9.3 billion (approximately US\$2.8 billion). The Chilean retailer went through a period of acquisitions and has not yet adapted its business model for Brazil. In 2015, revenues dropped by 5.4 percent. The Brazilian companies included in the ranking below are well consolidated in their regions and most are family owned. The numbers below includes the total aggregate of the listed companies in Brazil and for this reason does not reflect the concentration scenario presented previously.

TOP 10 BRAZILIAN RETAILERS

COMPANY	OWNERSHIP	SALES (R\$ million)	SHARE (%)	# OF STORES	LOCATION ¹
Grupo Pao de Acucar: .Pão de Açúcar .Minuto Pao de Acucar .Extra .Mini Mercado	France	76,933.0	24.3	2,181	AL, AM, BA, CE, ES, GO, MA, MT, MS, MG, PB, PR, PE, PI, RJ, RN, RS, SC, SP, SE, TO

Extra .Assai					
Carrefour: .Carrefour Hipermercado .Carrefour Bairro .Carrefour Express .Atacadão .Supeco	France	42,701.6	13.5	288	RS, PR, SP, RJ, MG, ES, GO, MS, PE, CE, PB, RN, AM
WalMart: .WalMart .Hipermercado Big .Hiper Bompreco .Bompreco .Mercadorama .Nacional .TodoDia .Maxxi Atacado .Sam's Club	United States	29,323.1	9.2	485	RN, CE, PE, PI, MA, AL, PB, SE, BA, MS, GO, SP, RJ, MG, ES, RS, SC, PR
Cencosud: .G. Barbosa .Perini .Mercantil .Bretas .Prezunic	Chile	9,267.8	2.9	222	AL, BA, CE, PE, SE
Cia. Zaffari: .Zaffari .Bourbon	Brazil	4,508.0	1.4	31	RS, SP
Irmaos Muffato: .Super Muffato .Muffato Max	Brazil	4,095.7	1.3	44	PR, SC, SP
Supermercados BH	Brazil	3,972.9	1.2	149	MG
SDB Comercio	Brazil	3,883.6	1.2	52	SP
Condor	Brazil	3,815.6	1.2	41	PR
Sonda	Brazil	3,110.9	1.0	39	SP
TOTAL (10)		181,612.2	57.4	3,532	

Note ¹: AL (Alagoas), AM (Amazonas), BA (Bahia), CE (Ceará), ES (Espírito Santo), GO (Goiás), MA (Maranhão), MT (Mato Grosso), MS (Mato Grosso do Sul), MG (Minas Gerais), PB (Paraíba), PR (Paraná), PE (Pernambuco), PI (Piauí), RJ (Rio de Janeiro), RN (Rio Grande do Norte), RS (Rio Grande do Sul), SC (Santa Catarina), SP (São Paulo), SE (Sergipe) and TO (Tocantins).

Source: Brazilian Supermarket Association (ABRAS)

SECTION III. Competition

Imported foods and beverages may be roughly divided into two categories: products that are price competitive with domestic goods and products that are priced above comparable domestic items. As mentioned before, Mercosul and Chile benefit from tariff exemptions and less expensive transportation costs. These cost gains give them an advantage to compete with the local industry, with almost 50 percent of the market share for imported food and beverage goods. U.S. food processors have the ability to offer a wide variety of products and exceptional quality standards to consistently gain market share. However, they face more challenges to compete due to higher tariffs and higher transportation costs.

In 2015, Brazil's imports of consumer-oriented food products stood at US\$4 billion, a decrease of 13 percent compared to the previous year. From 2011 to 2015, Mercosul lost significant market share but maintained its rank as the top exporter of consumer-oriented products to Brazil. In this same period, the European Union gained four percentage points of market share, while Chile and United States gained one and three percentage points, respectively. The other countries group also increased market share by two percent. Since mid-2014, the Brazilian Real has depreciated more than 40 percent against the dollar, making imports not only more expensive but also more vulnerable. Adding to the fact that import operations demand high cash flow, ATO contacts reported business to be highly affected by the negative economic situation and weak domestic demand. The import trend is forecast to be negative in 2016 but retailers are estimating a rebound in 2017 and 2018.

IMPORTS OF CONSUMER-ORIENTED PRODUCTS BY BRAZIL (US\$ million)

	2011	%	2012	%	2013	%	2014	%	2015	%
World	4,007	100	4,168	100	4,548	100	4,629	100	4,037	100
Mercosul (4)	1,896	47	1,816	44	2,004	44	1,829	40	1,473	37
EU (15)	916	23	1,008	24	1,083	24	1,245	27	1,111	27
Chile	314	8	382	9	388	9	405	9	349	9
U.S.	241	6	273	7	330	7	377	8	352	9
Others	638	16	689	16	742	16	773	16	753	18

Source: Secretariat of Foreign Trade (Secex)

Note: Mercosul (4): Brazil, Argentina, Uruguay and Paraguay; EU (15): Germany, Austria, Belgium, Spain, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, United Kingdom and Sweden.

SECTION IV. Best Product Prospects

I. Products present in the market which have good sales potential

Importers are generally looking for well-known brands and high-end products. They usually prefer products with one year shelf life or more. In addition to the product itself, packaging, status and level of innovation are important attributes. Products that combine these characteristics are more likely to successfully enter the market.

Below ATO presents the list of product categories mostly imported by Brazil from the world and from the United States.

TOP CONSUMER-ORIENTED PRODUCTS IMPORTED FROM THE WORLD (2015)

	Value (mi)	Δ 2013-2015
Potatoes, Prepared Etc., No Vinegar Etc., Frozen	295.2	-13%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	258.3	2%
Food Preparations Nesoi	255.7	-13%

Garlic, Fresh Or Chilled	176.0	-20%
Pears, Fresh	159.3	-19%
Meat of Bovine Animals, Boneless, Fresh or Chilled	144.0	-5%
Food Preparation Infants	99.9	84%
Olive Preparation	96.9	-22%
Cocoa Preparations, Not In Bulk Form, Nesoi	95.3	16%
Onions And Shallots, Fresh Or Chilled	90.3	-17%

Source: Secretariat of Foreign Trade (Secex)

TOP CONSUMER-ORIENTED PRODUCTS IMPORTED FROM THE UNITED STATES (2015)

	Value (mi)	Δ 2013-2015
Food Preparations Nesoi	66.3	-24%
Chocolate & Other Cocoa Preps, Not Bulk, Filled	19.6	178%
Potatoes, Prepared Etc., No Vinegar Etc., Frozen	17.5	178%
Sauces Etc. Mixed Condiments And Seasonings Nesoi	8.5	1%
Bread, Pastry, Cakes, Etc Nesoi & Puddings	8.3	-49%
Almonds, Fresh Or Dried, Shelled	7.0	13%
Tea Or Mate Extracts/Essences/Concentrates & Preps	5.8	1%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	3.9	37%
Pears, Fresh	3.4	-34%
Beer Made From Malt	2.7	52%

Source: Secretariat of Foreign Trade (Secex)

II. Products not present in significant quantities but which have good sales potential

The market for food allergy and intolerance products presents great opportunities. In 2015 retailers highlighted market expansion of about 30-40 percent. Although presenting a significant sales increase, health foods, especially natural and organic products, still have a limited presence in the Brazilian market. The local industry has not directed consistent efforts to develop this segment. There are a limited number of local suppliers offering processed organic products at the retail level, consequently prices for these items are still very high for the average consumer. International suppliers may find great opportunities within this niche. Foreign organic producers must comply with Brazilian regulations, which means that a local certifying agent, accredited by MAPA, must assure the product is produced according to MAPA's standards.

III. Products not present because they face significant barriers

Brazilian legislation requires all food items to be approved by Ministry of Health (MS) or Ministry of Agriculture, Livestock, and Food Supply (MAPA) prior to shipment. Currently, U.S. poultry does not have market access.

SECTION V. Post Contact and Further Information

Please do not hesitate to contact the offices below for questions or comments regarding this report or require assistance to export agricultural products to Brazil:

U.S. Agricultural Trade Office (ATO)

U.S. Consulate General
 Rua Thomas Deloney, 381
 04709-110 São Paulo, SP
 Tel: (55-11) 3250-5400
 Fax: (55-11) 3250-5499
 E-mail: atosapaulo@fas.usda.gov

Office of Agricultural Affairs (OAA)

U.S. Embassy
 Av. das Nacoes, quadra 801, lote 3
 70403-900 Brasilia, DF
 Tel: (55-61) 3312-7000
 Fax: (55-61) 3312-7659
 E-mail: agbrasil@fas.usda.gov

